



भारत का राजपत्र

The Gazette of India

प्राधिकार से प्रकाशित
PUBLISHED BY AUTHORITY

सं० 42]

नई दिल्ली, शनिवार, अक्टूबर 16, 1965 (आश्विन 24, 1887)

No. 42]

NEW DELHI, SATURDAY, OCTOBER 16, 1965 (ASVINA 24, 1887)

इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके

Separate paging is given to this Part in order that it may be filed as a separate compilation

भाग III—खण्ड 4

PART III—SECTION 4

विभिन्न निकायों द्वारा जारी की गई विविध अधिसूचनाएं जिसमें अधिसूचनाएं, आदेश, विज्ञापन और सूचनाएं सम्मिलित हैं

Miscellaneous Notifications including Notifications, Orders, Advertisements and Notices issued by Statutory Bodies

STATE BANK OF INDIA

NOTICE

Bombay, the 5th October 1965

The following appointment on the Bank's staff is hereby notified :—

Shri P. S. Vaidya to officiate as an Assistant Inspector on the Central Office staff as from today.

N. RAMANAND RAO
Managing Director

STATE BANK OF PATIALA

NOTICE

Patiala, the 30th September 1965

SBP. No. 21—The following transfers of Bank's staff are hereby notified :—

1. Shri Brij Lal Ahluwalia, Officer, grade 'A', to be Inspector, Inspection Department at Head Office, from the commencement of business on the 16th September 1965.

2. Shri Jaspal Singh, Officer, grade 'C', held charge of Delhi branch, from the close of business on the 21st August, to the commencement of business on the 25th August 1965 vice Shri J. S. Malhotra.

3. Shri Atam Singh Puri, Officer, grade 'A', worked in Advances Department, from the commencement of business on the 15th September to the commencement of business on the 28th September 1965.

4. Shri A. P. Goyal, Officer, grade 'A' to be Superintendent, Advances Department, from the commencement of business on the 16th September 1965 in addition to his duties as officiating Chief Accountant.

D. CHATTERJEE
General Manager

STATE BANK OF BIKANER AND JAIPUR

NOTICE

Jaipur, the 28th September 1965

No. SBBJ/Del/3/65—On expiry of leave Shri R. K. Jwala assumed charge of Khari Baoli Branch, Delhi on 14th August 1965 vice Shri J. N. Khanna proceeded on leave.

SATYA DEV
General Manager

INDUSTRIAL DEVELOPMENT BANK OF INDIA

Bombay, the 25th September 1965

In pursuance of Rule 4 of the Industrial Finance Corporation Rules, 1965, the Industrial Development Bank of India hereby notifies that the Corporation has, with the prior approval of the Development Bank, fixed, with effect from the 1st October 1965, the rate of interest to be charged by the Corporation on the sub-loans in Deutsche Marks granted or to be granted by it out of the loans sanctioned by the Kreditanstalt Fur Wiederaufbau, Frankfurt/Main, West Germany (Reconstruction Loan Corporation) at 9% (nine per cent) per annum, subject to the grant of a rebate of interest at the rate of $\frac{1}{2}$ % (one half of one per cent) per annum for punctual repayment of principal and payment of interest (that is to say, net 8 $\frac{1}{2}$ % per annum).

K. C. MITTRA
General Manager

THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

New Delhi-1, the 28th September 1965

No. 8-CA(1)/8/65-66—In pursuance of clause (3) of Regulation 10 of the Chartered Accountants Regulations, 1964, it is hereby notified that the Certificate of Practice issued to Shri Onkar Nath Gupta, of 245/R, Model Town, Delhi Road, Rohtak, Membership No. 1618, shall stand cancelled with effect from the 1st April 1965 to the 30th June 1965.

The 30th September 1965

No. 4-CA(1)/6/65-66—In pursuance of Regulation 16 of the Chartered Accountants Regulations, 1964, it is hereby notified that in exercise of the powers conferred by clause (a) of Sub-section (1) of Section 20 of the Chartered Accountants Act, 1949, the Council of the Institute of Chartered Accountants of India has removed from the Register of Members, with effect from the 21st day of May 1965, the name of Shri Rathi Bhusan Choudhuri, Assistant Commissioner of Tax, Assam, Gauhati. (Membership No. 3491).

No. 4-CA(1)/5/65-66—In pursuance of Regulation 16 of the Chartered Accountants Regulations, 1964, it is hereby notified that in exercise of the powers conferred by clause (a) of Sub-section (1) of Section 20 of the Chartered Accountants Act, 1949, i.e. on account of death the Council of the Institute of Chartered Accountants of India has with regret, removed from the Register of Members, with effect from the dates mentioned against their names, the names of the following gentlemen :—

Sl. No.	Membership No.	Names & Address	Date of removal
1.	263	Shri Munshilal Chitarmal Gupta, 'Laxman Bhavan' Mall Road, Kanpur.	23-6-1965
2.	287	Shri St. John Demetrius, M/s. George Read & Co., Chartered Accountants, Avenue House, Chowringhee Square, Calcutta-1.	12-7-1965
3.	1523	Shri Frank Maynard Kellett, M/s. Price Waterhouse & Co., Chartered Accountants, 31, Mosley Street, (G.P.O. Box No. 49) New Castle upon Tyne-1.	8-4-1965

The 8th October 1965

(CHARTERED ACCOUNTANTS)

No. 1-CA(6)/65—The following draft of certain amendments to the Chartered Accountants Regulations, 1964, which it is proposed to make in exercise of the powers conferred by Sub-sections (1) and (3) of Section 30 of the Chartered Accountants Act, 1949 (Act XXXVIII of 1949), is published for information of all persons likely to be affected thereby and notice is hereby given that the draft will be taken up for consideration on or after the 27th November 1965.

Any objection or suggestion which may be received from any person with respect to the said draft before the date specified will be considered by the Council of the Institute of Chartered Accountants of India, New Delhi.

In the said Regulations :—

1. In Regulation 32(1)(b) and 48(2)(b), at the end of the substantive clause but before the proviso, add the following :—

"or has secured a minimum of 50% of the total marks in all the papers at one sitting in the Diploma in Rural Services Examination conducted by the National Council of Rural Higher Education".

2. In the proviso to Paragraph 1 of Schedule 'B', after the words "All India Council for Technical Education" and before the words "or any other person", add the following :—

"or a person who has secured a minimum of 50% of the total marks in all the papers at one sitting in the Diploma in Rural Services Examination conducted by the National Council of Rural Higher Education".

3. In Paragraph 4(ii) of Schedule 'B', after the words "All India Council for Technical Education" and before the words "or has passed the Preliminary Examination", add the following :—

"or has secured a minimum of 50% of the total marks in all the papers at one sitting in the Diploma in Rural Services Examination conducted by the National Council of Rural Higher Education".

C. BALAKRISHNAN
Secretary

EMPLOYEES' STATE INSURANCE CORPORATION

Hyderabad, the 17th September 1965

No. AP/Estt.18(1)/57.II—It is hereby notified that Shri Dwarakadas Shah, Spinning Master, Adoni Spinning and Weaving Company Ltd., Adoni, has been nominated as a Member of the Local Committee, Adoni vice Sri S. Ramu, Asstt. Manager, Adoni Spinning and Weaving

Company Ltd., Adoni, as per Regulation 10-A-1(d) of the E.S.I. (General) Regulations, 1950, with effect from the date of notification.

The following shall be substituted in this office Notification No. AP/Estt.18(1)/57.II dated 17th November 1964.

Under Regulation 10-A-1(d)

Read :

Shri Dwarakadas Shah,
Spinning Master,
Adoni Spinning and Weaving Co., Ltd.,
Adoni.

For :

Shri S. Ramu,
Asstt. Manager,
Adoni Spinning and Weaving Co., Ltd.,
Adoni.

By Order

A. V. SUBRAHMANYAN
Regional Director

(Department of Social Security)

Madras-14, the 27th September 1965

No. MR/CO-3(31)/64(1)—It is hereby notified that a Local Committee consisting of the following members has been set up for Nagercoil area (where Chapter IV and V of the Employees' State Insurance Act, 1948 are in force) under Regulation 10-A of the E.S.I. (General) Regulations, 1950, with effect from 27th September 1965.

Chairman

Under Regulation 10-A(1)(a) :

1. The District Medical Officer,
Kanyakumari District at Nagercoil.

Members

Under Regulation 10-A(1)(b) :

2. The Labour Officer,
Kanyakumari District.

Under Regulation 10-A(1)(c) :

3. The Medical Officer In-charge,
Employees' State Insurance Dispensary,
Nagercoil.

Under Regulation 10-A(1)(d) :

4. Dr. K. Padmanabhan,
(Representative of Nagammal Mills Ltd.),
Pioneer Kumaraswamy Bhavanam,
Nagercoil-3.
5. Shri T. Krishnalingam,
(Vareed Saw Mill Works),
Vadalivillai,
Kottar,
Nagercoil-2.

Under Regulation 10-A(1)(e) :

6. Shri M. Mohammed Ali,
Secretary,
Kumari District Mill Labourers' Union,
Nagercoil, Kanyakumari District.
7. Shri I. V. Sabastian,
Asstt. Secretary,
Kanyakumari District Press Workers' Union,
Chidambaranagar,
Nagercoil-2.

Under Regulation 10-A(1)(f) :

8. The Manager,
Local Office,
E.S.I. Corporation,
Tirunelvely.

(Secretary)

The 29th September 1965

No. MR/CO-3(20)/60(1)—It is hereby notified that Shri A. Venkataraman, Secretary, Dalmia Cement National Workers Union, Dalmiapuram, has been nominated as a member of the Local Committee (E.S.I. Corporation) for Dalmiapuram area under clause 1(e) of Regulation 10-A of the Employees' State Insurance (General) Regulations, 1950, with effect from 29th September 1965 vice Shri K. Ramiah.

The following amendment shall accordingly be made to this office Notification No. MR/CO-3(5)/63(1) dated 31st October 1963, namely for the existing name and address against Serial No. 7, the following shall be substituted.

"Shri A. Venkataraman,
Secretary,
Dalmia Cement National Workers Union,
Dalmiapuram."

By Order
A. N. BIDANI
Regional Director

AGRICULTURAL REFINANCE CORPORATION

Bombay, the 29th September 1965

No. G.S.R.—In pursuance of Section 32(2) of the Agricultural Refinance Corporation Act, 1963 (10 of 1963), the report of the Board on the working of the Corporation for the year ended June 30, 1965, and the Balance Sheet and Profits and Loss Accounts of the Corporation for the year ended June 30, 1965 are published hereunder.

Directors' Report for the year ended 30th June 1965

To

The Shareholders,

The Directors have pleasure in presenting their second Annual Report with the Audited Statement of Accounts for the year ended 30th June 1965.

Approval of schemes and Sanction of loan applications

During the year under review, the Corporation approved 10 schemes of development and sanctioned refinance for an amount of Rs. 16.88 crores as against 4 schemes of development and refinance amounting to Rs. 2.45 crores during the previous year. The schemes approved

during the year include the scheme for reclamation and development of land under the Nagarjunasagar Project which was approved last year but was resubmitted to us for an enhanced acreage and financial outlay. Details of the schemes approved and refinance sanctioned are given in the statement on the next page. It may be observed from the statement that out of the ten schemes for which refinance has been sanctioned during the year, nine are to be financed by the concerned central land mortgage banks in the respective States; the refinance in those cases will be provided in the form of subscription to the special development debentures to be floated by them for the purpose. The total financial outlay involved in these schemes is of the order of Rs. 20.55 crores, of which the Corporation's share is Rs. 16.84 crores, the balance being met by the respective State Governments. Of the nine schemes, seven relate to reclamation and development of land, five in Andhra Pradesh (2.96 lakh acres), one in Madras (1.80 lakh acres) and one in Maharashtra (0.52 lakh acres); one scheme relates to development of coconut plantation in Andhra Pradesh (924 acres) and one to development of horticulture in Madhya Pradesh (1,000 acres). The remaining scheme in respect of which refinance has been sanctioned is to be financed by a scheduled bank and envisages development of rubber plantation in an area of 226 acres in Kerala State at a cost of Rs. 4.46 lakhs.

Besides the schemes referred to above, the Corporation has received during the year, several schemes of development to be financed by central land mortgage banks as well as scheduled banks. These schemes relate to the (i) reclamation and development of land in the States of Mysore, Rajasthan and Andhra Pradesh, (ii) development of coconut plantation in Gujarat, (iii) development of mango gardens in Andhra Pradesh, (iv) development of rubber, tea, coffee, etc., in the States of Kerala, Madras and Assam, and (v) development of poultry farming in the States of Delhi and Maharashtra. These schemes are at various stages of examination. Most of the schemes relating to plantations and poultry farming are to be financed through scheduled banks.

Statement showing details of schemes sanctioned by the Corporation during the year ended June 1965.

(Rupees in lakhs)

Sl. No.	Purpose	Name of the State	Financing institution	Area to be developed (in acres)	Total financial outlay of the scheme Rs.	Corporation's commitment Rs.	State Governments' commitment Rs.
1	2	3	4	5	6	7	8
1.	Reclamation and development of land—Nagarjunasagar Project Scheme.	Andhra Pradesh	Andhra Pradesh Co-operative Central Land Mortgage Bank Ltd.	2,90,000	830.80	747.72	83.08
2.	Reclamation and development of land—Parambikulam-Aliyar Project Scheme.	Madras	Madras Co-operative Central Land Mortgage Bank Ltd.	1,80,000	1,080.00	810.00	270.00
3.	Development of Horticulture in Hoshangabad District.	Madhya Pradesh	Madhya Pradesh State Co-operative Land Mortgage Bank Ltd.	1,000	10.00	9.00	1.00
4.	Reclamation and development of land—Gangapur and Ghod Projects Scheme	Maharashtra	Bombay State Co-operative Land Mortgage Bank Ltd.	52,000	109.20	98.28	10.92
5.	Reclamation and development of land—Zurreru Project Scheme.	Andhra Pradesh	Andhra Pradesh Co-operative Central Land Mortgage Bank Ltd.	1,500	4.50	3.37	1.13
6.	Reclamation and development of land—Ramabhadrunipalle Project Scheme.	Do.	Do.	537	1.61	1.21	0.40
7.	Reclamation and development of land—Ramadugu Project Scheme.	Do.	Do.	887	2.84	2.13	0.71
8.	Reclamation and development of land—Thotavaripalem Pumping Scheme.	Do.	Do.	2,694	9.43	7.07	2.36
9.	Development of coconut plantation in Visakhapatnam District.	Do.	Do.	924	6.92	5.19	1.73
10.	Development of rubber plantation.	Kerala	Central Bank of India Ltd.	226	4.46	4.46	—
				5,29,768	2,059.76	1,688.43	371.33

Disbursements

All the schemes for which refinance has been provided by the Corporation are to be implemented over a period of years and the actual disbursements in any one year would be small in relation to the total commitments made. Against the total sanction of refinance of the order of Rs. 19.33 crores since the inception of the Corporation, only the Andhra Pradesh Co-operative Central Land Mortgage Bank floated three series of special development debentures for an aggregate sum of Rs. 50 lakhs, the Corporation's contribution being Rs. 45 lakhs. Details of the debentures floated are given below :

(Rs. in lakhs)

Name of the Scheme	Debentures floated	Corporation's Contribution	State Government's contribution
1. K. C. Canal ..	15.00	13.50	1.50
2. Kaddam Project ..	20.00	18.00	2.00
3. Nagarjunasagar Project ..	15.00	13.50	1.50
TOTAL ..	50.00	45.00	5.00

Changes in loan policy and procedural matters

In the last annual report, a reference was made to the loan policy of the Corporation and the procedure to be followed in connection with availing of refinance facilities from the Corporation. During the year under review, the Corporation made certain changes in its loan policy and procedure as a result of the intensive studies made by the Chairman, Managing Director and other officials of the Corporation to correctly appreciate the difficulties experienced by planters and bankers in availing of financial assistance from the Corporation. The more important of these changes are detailed below :—

(i) Security

In terms of Section 22(4) of the Agricultural Refinance Corporation Act, the repayment of principal and payment of interest on the loans granted by the Corporation should be fully and unconditionally guaranteed by the Government. Some leading planters and certain scheduled banks expressed difficulties in getting such Government guarantees. The Board of the Corporation, therefore, decided to relax this condition for purposes of financing development of plantation crops through scheduled banks having good reputation and enjoying a sound financial position and accept 'other security' in lieu thereof in terms of the first proviso to Section 22(4) of the Act. The 'other security' so required is the sub-mortgage, sub-hypothecation, etc., of the security in the form of land, plant and machinery, etc., mortgaged, hypothecated, or otherwise secured to the scheduled banks by the primary borrower. Resort to the first proviso to Section 22(4) of the Act may be had in case there is any difficulty in complying with the main provision of the Section.

(ii) Other relaxations for plantation finance

The other relaxations made in the procedure relate to provision of financial assistance for development of plantation crops. Depending on the merits of each case, the Corporation is now enabled to entertain all schemes of a composite nature covering almost all the statutory long-term requirements of the plantation industry including their financial requirements for construction of labour houses and to provide refinance facilities to a reasonable extent for the discharge of old debts also in appropriate cases if they had been incurred for development purposes in the recent past. In exceptional cases, where a particular borrower wanted, for appropriate reasons, to change his bankers who had originally provided the developmental finance, such shifting of bankers would also be permitted. The circulars issued to scheduled banks and State Governments giving details of the relaxations referred to in the earlier paragraph are reproduced in Annexure 1.

(iii) Minimum amount of loan/refinance

Hitherto, the minimum amount of financial assistance that could be obtained from the Corporation by way of refinance/loan was fixed at Rs. 1 lakh. The Corporation recently reviewed the position in this regard and felt that in the case of central land mortgage banks, schemes involving relatively small outlay could be

financed by these banks themselves in the normal way i.e., by floating ordinary debentures. The Corporation, therefore, decided that as far as schemes to be financed by the central land mortgage banks are concerned, refinance facilities, in future, should be provided by the Corporation only when the outlay involved in each individual scheme is less not than Rs. 5 lakhs. In the case of schemes to be financed through scheduled banks and State co-operative banks, the minimum amount of financial assistance that can be obtained by way of refinance/loan continues to be Rs. 1 lakh. This minimum limit of Rs. 1 lakh is with reference to the financing institutions which could avail of refinance facilities from the Corporation and not with reference to the ultimate borrower. It is open to a financing bank to fix any reasonable minimum according to its discretion; only when an approach is made to the Agricultural Refinance Corporation it should be for not less than Rs. 1 lakh.

(iv) Rate of Interest

Consequent on the recent rise in the Bank Rate from 5% to 6%, the Board of the Corporation reviewed the position in regard to its lending rate and took a decision that in the case of co-operative financing agencies, the lending rate of the Corporation on the refinance facilities sanctioned by it after February 17, 1965 should be 6%. It was also decided by the Board that in the case of scheduled banks, the Corporation might charge such a rate of interest (subject to a minimum of 6%) as would restrict the margin to the financing bank to 2½%.

Conferences, studies, field visits, etc.

The object in making the relaxations in regard to security and procedural matters in respect of plantation finance referred to above is to remove obstacles in the way of commercial banks in playing their rightful role in the development of agriculture in the country. A Conference of representatives of scheduled banks, planters' associations, Statutory Boards etc., was convened on 25th January 1965 and was presided over by the Governor of the Reserve Bank of India. The Conference was convened with a view to explain to the scheduled banks the role they were expected to play in financing agriculture in general and plantations in particular and to discuss the difficulties, if any, encountered by them in utilising the refinance facilities available from the Corporation. The representatives of the scheduled banks present at the Conference expressed their willingness to play their part in financing the development of agriculture. From the deliberations of the Conference, it was observed that the difficulties of scheduled banks mainly related to the lack of arrangements for technical evaluation of schemes and the risk involved in financing schemes of agricultural development. The Corporation took up the matter of providing technical help to the financing banks with the various Statutory Boards connected with development of plantation crops. The Rubber Board has agreed to give all help necessary in this connection to the financing banks and planters, free of cost, while provision of similar assistance is under the consideration of the other Statutory Boards viz., the Coffee Board and the Tea Board.

Following the liberalisation made in the loan procedure and the appeal of the Governor of the Reserve Bank of India, in the Conference of scheduled banks, certain leading scheduled banks have come forward with schemes of development in respect of rubber, tea and coffee plantations. Some scheduled banks showed a degree of hesitancy in financing agricultural development schemes (including plantations) in the light of the Reserve Bank's instructions to the banks to bring about a sizeable contraction in bank credit in the slack season of 1965. To get over this difficulty, at the request of the Corporation, the Reserve Bank issued a clarifying circular stating that a modest and desirable increase in the provision of credit facilities for agricultural development under schemes approved by the Agricultural Refinance Corporation and refinanced by them would not, in the Bank's view, be inconsistent with the requirements of its short-term credit policy. This and the various steps enumerated above have gone some way in moving the scheduled banks to enter the field of long-term finance for agricultural development.

The Corporation also continued to play a promotional role in stimulating interest among the eligible members in agricultural development schemes. In this connection, the Managing Director and the Officers of the Corporation visited most of the States and impressed on

the State Governments and eligible institutions the necessity to draw up suitable schemes of agricultural development and helped them whenever so required even in the formulation of schemes. In the commercial banking sector, steps were taken by the Corporation to bring individual planters and other individual agriculturists requiring large amounts of finance, into contact with such of the scheduled banks as had expressed their willingness to consider worthwhile schemes.

In December 1964, the Corporation also undertook a study of the problems facing the small tea planters in the north as well as the south in consultation with the Agricultural Credit Department of the Reserve Bank of India. This study covered not only the long-term requirements of the small planters for new planting, replanting etc., but also the finance needed by them for seasonal operations. The report on the study has been published and a copy of it has already been sent to all the shareholders. The various suggestions made in the report were finalised by the Board and the concerned State Governments were requested to offer their comments on them. These suggestions relate to co-operatively organising the small planters so that they may be helped by the central land mortgage banks of the concerned States with Government guaranteeing the debentures floated in this connection. The steps to be taken to strengthen the short-term credit structure which is necessary to provide finance for the working capital requirements of the planters and suitably relaxing the existing ceilings on individual loans which co-operatives can make, have also been dealt with in the report.

Membership and Share Capital

During the year under review, two more central land mortgage banks viz. the Jammu and Kashmir Co-operative Central Land Mortgage Bank Ltd., and the Pondicherry State Co-operative Land Mortgage Bank Ltd., and one scheduled bank viz. the Karnataka Bank Ltd., became members of the Corporation. The Reserve Bank of India transferred 4 shares of the value of Rs. 40,000 to the above institutions out of the shares held by it under Section 5(4) of the Agricultural Refinance Corporation Act. The contributions by various categories of shareholders to the share capital of the Corporation as at the end of June 1965 were as under :

Institution	Section under which held	No. of shares	Value of shares (Rs. in lakhs)
(i) Reserve Bank of India	5(2)(a) 5(4)	2,500 455	250.00 45.50
(ii) Central Land Mortgage Banks and State Co-operative Banks	5(2) (b)	1,355	135.50
(iii) Scheduled Banks, Life Insurance Corporation of India, Insurance and investment companies and co-operative insurance societies	5(2)(c)	690	69.00
TOTAL	..	5,000	500.00

A list of shareholders as at the end of the year under review is given in Annexure II.

Statement of Accounts

From the statement of accounts, it may be observed that after meeting all expenses, the Corporation has made a net profit of Rs. 18,46,940.23, which, your directors recommend, may be dealt with as under :—

	Rs.
1. To writing off of preliminary expenses	1,887.00
2. To Reserve Fund	1,000.00
3. Towards payment of dividend at 4½ per annum to shareholders	18,44,053.23

Since the net profit available for distribution is short of the amount of Rs. 21.25 lakhs required to pay the guaranteed dividend of 4½ per cent by Rs. 2,80,946.77, the Government of India has been approached, as per Section 6 of the Agricultural Refinance Corporation Act, to make good this short-fall.

Directors

Consequent on transfers at the secretariat of the Government of India, the following changes took place in the Directors nominated by them under Section 10(c) on the Board of the Corporation :

Name	Post held in the Government of India	Date from which appointed
1. Shri S. Chakravarti	Secretary, Ministry of Community Development and Co-operation (Department of Co-operation).	July 22, 1964
2. Shri R. K. Seshadri	Director, Ministry of Finance (Department of Economic Affairs).	December 24, 1964.
3. Shri B. Sivaraman	Secretary, Ministry of Food and Agriculture (Department of Agriculture).	May 29, 1965.

During the year, six meetings of the Board and two meetings of the Executive Committee were held.

Auditors

In exercise of the powers vested under Section 30(1) of the Act, your Directors have, with the previous approval of the Reserve Bank of India, appointed Messrs S. B. Billimoria & Co., as the auditors of the Corporation for the year 1965-66.

On behalf of the Directors

Agricultural Refinance Corporation
Bombay, dated August 18, 1965

M. R. BHIDE
Chairman

ANNEXURE I (A)

AGRICULTURAL REFINANCE CORPORATION

Amar Building (second floor), Bombay-1

Telegrams : Post Box No. 363

"AGREFINANS"
BOMBAY

Tel. No. : 253513

No. OPS. 318/L-I-64/65

To all Scheduled Banks

Dear Sir,

Financial accommodation from the Agricultural Refinance Corporation

This is in continuation of our circular letters No. OPS. 449/L-I-63/64 dated August 26, 1963 and No. OPS. 1874/L-I-63-64 dated March 18, 1964 (copies enclosed) giving in detail the procedure for securing refinance facilities from the Corporation and the terms and conditions on which these facilities are available. One of the important objects of the Corporation is to provide finance/refinance facilities for the development of plantation crops such as tea, coffee, rubber, etc. All the terms and conditions attaching to the refinance facilities for agricultural development scheme indicated in the circular quoted above *ipso facto* apply to refinance facilities for the plantation crops. Despite these facilities, no worthwhile scheme for development of plantation crops has so far been received by the Corporation even after a lapse of more than a year since its inception. The Corporation recently made on-the-spot studies in the States of West Bengal, Assam, Kerala and Mysore with a view to finding out the difficulties experienced in availing of its refinance facilities by the plantation industry in general and tea plantations in particular. The more important points stressed by planters in general are as under :—

(a) State Government guarantee : Under Section 22(4) of the Agricultural Refinance Corporation Act, the repayment of principal and payment of interest on the loans granted by the Corporation should be fully and unconditionally guaranteed by the Government. The first proviso to the same Section, however, enables the Corporation to dispense with Government guarantee in cases in which an eligible institution makes available 'other security' to the satisfaction of the Corporation. The plantation owners have for some time pointed out

the difficulty likely to be experienced in obtaining Government guarantee for the loans granted by the Corporation and requesting us to waive it. Further, they also wanted to know the implications of the first proviso to Sub-section 22(4) of the Agricultural Refinance Corporation Act, i.e., as to what type of 'other security' would be acceptable to the Corporation in lieu of Government guarantee.

(b) *Provision of finance for construction of labour houses*: In a labour intensive industry like plantations the number of persons employed is very large and the estate owners are compelled by statute, viz., the Plantation Labour Act, to provide housing facilities for labourers, supervisory staff etc. The tea and rubber planters have requested that the Corporation should provide refinance for the construction of houses for labour and supervisory staff also as their internal resources are not adequate to provide for this.

(c) *Provision of funds for loans taken in the past for development purposes*: The planters have pointed out that they have incurred debts in previous years for development of tea gardens against the mortgage of their estates and would not be able to get them released unless the loans already taken are discharged. They, therefore, requested that financial assistance be made available by the Corporation for liquidation of old debts also as otherwise they will not be in a position to offer adequate security for the loans taken for development purposes.

(d) *Shifting of bankers*: The tea planters have requested that they might be permitted to change the financing banker as and when considered necessary. It was argued by them that the primary borrower would not like to get tied to one bank for a long period of 10 to 15 years. The practice in respect of short-term loans generally is that whenever a financing bank offers more attractive terms than the one which had been lending earlier, the borrower could shift his account to another bank. In this way the primary borrower is able to get the best of terms both in respect of the quantum of finance and the security. The planters desired to have the same flexibility of arrangements in regard to long-term loans also.

(e) *Provision of 'ways and means' (revolving) advance*: The planters meet their short-term or seasonal finance (i.e. finance required for meeting the working costs of the estate and factory for the production and marketing of the crop till the sale proceeds are received) by taking loans from scheduled banks on the security of the crop hypothecation deed supported by the deposit of title deeds of the fixed assets by way of collateral security. It was proposed that refinance should be provided for these requirements also, throughout the period of the long-term loan.

The Corporation considered these problems at a recent meeting of its Board and arrived at the following decisions:

(a) It has been decided to make available refinance facilities to the plantation industry for development purposes through scheduled banks without any insistence on Government guarantee, provided that the financing bank has a good reputation and enjoys a sound financial position and further the security offered is acceptable to the Agricultural Refinance Corporation. This financial assistance will be made available on the security of the land, plant and machinery etc. mortgaged, hypothecated, pledged or otherwise secured to the scheduled banks and sub-mortgaged, sub-hypothecated, sub-pledged, etc. by the latter to the Corporation. The Corporation would consider this as 'other security' acceptable to it under the first proviso to Section 22(4) of the Agricultural Refinance Corporation Act.

(b) It has also been decided to entertain all schemes of a composite nature covering almost all the long-term requirements of the plantation industry including the financial requirements of the planters for constructing labour houses, on merits.

(c) The Corporation will also provide refinance facilities for the discharge of old debts also if they had been incurred for development purposes and if it is satisfied that further development might suffer if the old debts are not cleared. A condition attaching to this is that the amount applied for meeting old debts should be within the balance available in the total limit to which

the party is eligible from the standpoint of his security and repaying capacity, after satisfying the demand for funds for special development schemes.

(d) In regard to the plea made to allow the planters to shift their bankers, the Corporation decided that in exceptional cases when such shifting becomes inevitable on account of any misunderstanding in the normal banker-customer relationship between the primary financing agency and the planter, i.e., the primary borrower, the Corporation would consider each case on merits.

(e) In regard to 'pre-production expenses' the ways and means advances required for current working expenses should be met entirely by the primary financing agencies. If the need to get the title deeds released for the short-term purposes is the sole criterion for insisting on finance being provided for this purpose, the difficulty can be solved to a large extent by taking a loan for long-term purposes also from the same bank which has provided accommodation for short-term requirements. The security offered by the tea garden in the form of landed property and other fixed assets should be adequate to cover both 'pre-production advances' and the development loans. In such an event the need for the release of the security involved for developmental finance would cease to exist. Under these circumstances, it would be neither necessary nor desirable for the Agricultural Refinance Corporation to provide any part of 'pre-production expenses'. While the Corporation will come forward to provide finance for all development needs of the plantation industry, including the construction of labour houses, the provision of short-term finance should continue to be the function of the existing agencies, commercial banks or co-operative banks.

We feel that the above decisions will go a long way in meeting almost all the needs of the plantation industry.

2. The financial assistance from the Corporation is also available *inter alia* for the development of fisheries, dairy farming, etc. While no worthwhile schemes in this regard have been received so far, a point is frequently raised whether the financial assistance from the Corporation would include provision for processing. The Corporation would provide financial assistance for such purposes also, provided they form an integral part of a scheme from the stage of production to that of marketing. For example, in the case of fisheries, refinance facilities would be available for providing cold storage facilities and the erection of a freezing, or canning plant, provided that the scheme covers all the processes from collection to storage and marketing of fish.

3. Refinance facilities from the Corporation are for developmental purposes and hence it would be necessary that all schemes should be appraised by technical experts regarding their technical feasibility before they are approved by scheduled banks. Since the scheduled banks are new to the field of financing of agricultural development schemes, it is likely that they may not have technical experts on their staff for the purpose. The various State Governments have in their Departments of Agriculture and other technical departments, expert officers who would be in a position to give technical advice in the preparation of a scheme. Further, the various statutory bodies set up for development of plantation crops, namely Tea Board, Rubber Board, Coffee Board, etc., have amongst their staff technical personnel with specialized knowledge of the particular crop. In the initial stages the help necessary for the scheduled banks for appraising the technical feasibility of the scheme can, with advantage, be secured from either the State Governments or the Statutory bodies.

4. The Corporation proposes to hold a conference of all interested scheduled banks shortly to explain the role expected of them in financing agriculture and to discuss the problems, if any, encountered by them in utilising the refinance facilities available from the Corporation. Other relevant issues such as arrangements for technical advice, supervision etc. will also be discussed. The exact date of the conference will be intimated to you in due course. In the meantime, the Corporation will be glad to know whether there are any difficulties in the formulation of schemes and in availing of our refinance facilities. If so, they may kindly be communicated to it along with your suggestions so as to reach the Corporation not later than September 5, 1964.

The receipt of this may please be acknowledged

ANNEXURE I (B)

No. OPS. 1527/L. 1-64/65 14th December 1964
23rd Agra-hayana, 1886 (Saka)

The Chief Secretary,
All State Governments

Dear Sir,

Refinance facilities from the Agricultural Refinance Corporation

Please refer to the D.O. letter No. OPS. 310/L.I-64/65 dated August 20, 1964 addressed by the Chairman of the Corporation to you and the three important loan procedure circulars and the copies of the Act and Regulations of the Corporation sent along with that letter for your information.

2. The object of the present circular letter is to invite your attention to Section 22(4) of the Agricultural Refinance Corporation Act which reads as under :—

"No accommodation shall be granted under clauses (a), (b) and (d) of Sub-section (3) to an eligible institution unless it is fully and unconditionally guaranteed as to the repayment of principal and payment of interest by Government :—

Provided that no such guarantee shall be required in cases in which an eligible institution makes available other security to the satisfaction of the Board."

It may be seen from this Section that normally the security for the loan to be advanced by the Corporation should be the guarantee of the State Governments. In the case of refinance facilities to central land mortgage banks in the form of subscription to special development debentures to be floated by them, the Government guarantee becomes automatic because the debentures to be floated by these banks are normally guaranteed by the State Governments. But, so far as the refinance facilities to scheduled banks are concerned, guarantee of the State Government is not a normal phenomenon. We were thinking in terms of a composite Government guarantee safeguarding the interests of both the scheduled banks and the Agricultural Refinance Corporation. We had made a reference to the form of guarantee in paragraph 7 of our circular letter No. OPS. 449/L.I-63/64 dated August 26, 1963.

3. It has, however, been found that State Governments are not keen on giving such guarantees and some of the plantations also seem rather doubtful about it. This issue was carefully considered by the Board of Directors of the Corporation at its meeting held on July 24, 1964 and the Board took a decision to have resort to the first proviso to Section 22(4) of the Act instead of insisting on Government guarantee where it was not available for one reason or another. This decision was communicated to all the scheduled banks in our circular letter No. OPS. 318/L.I-64/65 dated August 20, 1964 with copies endorsed to Co-operation and Agriculture Departments of State Governments, a copy of which is enclosed for your ready reference. The relevant portion of the circular in which this important policy change was communicated reads as under :—

"It has been decided to make available refinance facilities to the plantation industry for development purposes through scheduled banks without any insistence on Government guarantee, provided that the financing bank has a good reputation and enjoys a sound financial position and further the security offered is acceptable to the Agricultural Refinance Corporation. This financial assistance will be made available on the security of the land, plant and machinery etc., mortgaged, hypothecated, pledged or otherwise secured to the scheduled banks and sub-mortgaged, sub-hypothecated, sub-pledge etc., by the latter to the Corporation."

4. We understand that this liberalisation has been interpreted by some State Governments as amounting to a complete and unconditional waiver of the Corporation's condition regarding State Government guarantee in so far as refinance facilities for plantation crops are concerned.

As a result, they appear to have expressed their unwillingness to provide Government guarantee for loans to be taken from the Corporation for development of plantation crops.

5. We would like to make our stand in this regard very clear. The main provision under Section 22(4) of the Act, which stipulates that the accommodation granted by the Agricultural Refinance Corporation to the institutions eligible for financial assistance from it shall be fully and unconditionally guaranteed as to the repayment of principal and payment of interest by Government, still holds good. The Corporation will, therefore, like to obtain a Government guarantee for its loans. Resort to the first proviso of Section 22(4) of the Act is to be had only in case there is any difficulty in complying with the main provisions of the Section. It is because of the fact that quite a representative cross-section of the Plantation Industry was rather sceptical about getting Government guarantee and that too quickly, that the liberalisation referred to above was made by the Corporation.

Please acknowledge receipt.

Yours faithfully,
V. SIVARAMAN
Managing Director

ANNEXURE II

LIST OF SHAREHOLDERS (as on June 30, 1965)

(a) Shareholders eligible for financial assistance from the Corporation

CENTRAL LAND MORTGAGE BANKS

1. The Andhra Pradesh Co-operative Central Land Mortgage Bank Limited.
2. The Assam Co-operative Central Land Mortgage Bank Limited.
3. The Bihar State Co-operative Land Mortgage Bank Limited.
4. The Gujarat State Co-operative Land Development Bank Limited.
5. The Jammu and Kashmir Co-operative Central Land Mortgage Bank Limited.
6. Kerala Co-operative Central Land Mortgage Bank Limited.
7. The Madhya Pradesh State Co-operative Land Mortgage Bank Limited.
8. The Madras Co-operative Central Land Mortgage Bank Limited.
9. The Bombay State Co-operative Land Mortgage Bank Limited.
10. The Mysore Central Co-operative Land Mortgage Bank Limited.
11. The Orissa Provincial Co-operative Land Mortgage Bank Limited.
12. The Pondicherry State Co-operative Land Mortgage Bank Limited.
13. The Punjab State Co-operative Land Mortgage Bank Limited.
14. The Rajasthan Central Co-operative Land Mortgage Bank Limited.
15. Uttar Pradesh State Co-operative Land Development Bank Limited.
16. The West Bengal Central Co-operative Land Mortgage Bank Limited.
17. Tripura Co-operative Land Mortgage Bank Limited.

STATE CO-OPERATIVE BANKS

18. The Andhra Pradesh State Co-operative Bank Limited.
19. The Assam Co-operative Apex Bank Limited.
20. The Bihar State Co-operative Bank Limited.
21. The Gujarat State Co-operative Bank Limited.
22. The Jammu and Kashmir State Co-operative Bank Limited.
23. The Kerala State Co-operative Bank Limited.
24. The Madhya Pradesh State Co-operative Bank Limited.
25. The Madras State Co-operative Bank Limited.
26. The Maharashtra State Co-operative Bank Limited.
27. The Mysore State Co-operative Apex Bank Limited.
28. The Orissa State Co-operative Bank Limited.
29. The Punjab State Co-operative Bank Limited.
30. The Rajasthan State Co-operative Bank Limited.
31. Uttar Pradesh Co-operative Bank Limited.
32. West Bengal Provincial Co-operative Bank Limited.

33. The Delhi State Co-operative Bank Limited.
34. The Manipur State Co-operative Bank Limited.
35. Tripura State Co-operative Bank Limited.
36. The Pondicherry State Co-operative Bank Limited.

SCHEDULED BANKS

37. The Andhra Bank Limited.
38. The Bank of Baroda Limited.
39. The Bank of Behar Limited.
40. The Bank of India Limited.
41. Bank of Madura Limited.
42. The Bank of Maharashtra Limited.
43. Canara Bank Limited.
44. The Canara Banking Corporation Limited.
45. Syndicate Bank Limited.
46. The Central Bank of India Limited.
47. The Chartered Bank.
48. Devkaran Nanjee Banking Co. Limited.
49. The Hongkong and Shanghai Banking Corporation.
50. The Indian Bank Limited.
51. The Indian Overseas Bank Limited.
52. Jaya Laxmi Bank Limited.
53. The Karnataka Bank Limited.
54. Mercantile Bank Limited.
55. National and Brindlays Bank Limited.
56. The Punjab National Bank Limited.
57. The Ratnakar Bank Limited.
58. State Bank of Hyderabad.
59. State Bank of India.
60. State Bank of Indore.
61. State Bank of Bikaner and Jaipur.
62. State Bank of Mysore.
63. State Bank of Patiala.

64. State Bank of Saurashtra.
65. State Bank of Travancore.
66. The South Indian Bank Limited.
67. United Bank of India Limited.
68. The United Commercial Bank Limited.
69. The Vijaya Bank Limited.

(b) Other shareholders

1. Reserve Bank of India.
2. Life Insurance Corporation of India.
3. The New India Assurance Co. Ltd.
4. The Saraswati Insurance Co. Ltd.
5. The Co-operative Fire & General Insurance Society Ltd.
6. Co-operative General Insurance Society Ltd.

REPORT OF THE AUDITORS

We have examined the annexed Balance Sheet of the Agricultural Refinance Corporation as at 30th June 1965 and also the annexed Profit and Loss Account of the Corporation for the year ended upon that date, and report that—

- (1) We have obtained all the information and explanations which we have required and have found them to be satisfactory.
- (2) In our opinion, and to the best of our information and according to the explanations given to us and as shown by the books of the Corporation, the Balance Sheet is a full and fair Balance Sheet containing all necessary particulars and properly drawn up in accordance with the Act and the General Regulations of the Corporation, so as to exhibit a true and fair view of the state of affairs of the Corporation.

S. B. BILLIMORIA & CO.

Bombay, 21st August 1965

Chartered Accountants.

AGRICULTURAL REFINANCE CORPORATION

Balance Sheet as at 30th June 1965

Liabilities	Rs.	P.	Rs.	P.	Assets	Rs.	P.	Rs.	P.
1. Capital:					1. Cash:				
<i>Authorised:</i>					(a) In hand	128	16		
25,000 shares of Rs. 10,000 each			25,00,00,000	00	(b) With Reserve Bank of India	1,66,447	38		
<i>Issued Subscribed and paid up</i>					(c) With Others:				
5,000 shares of Rs. 10,000 each paid up			5,00,00,000	00	(i) In India	Nil			
2. Reserve and Surplus:					(ii) Outside India			1,66,575	54
Reserve Fund:					2. Loans:				
Balance as per last Balance Sheet 1,000-00					(a) By way of refinance				
Add: Transferred from Profit and Loss Account	1,000	00			(b) Others				
Profit and Loss Account :			2,000	00	Less: Provision for Bad and Doubtful Debts			Nil	
Profit for the year	18,46,940	23			3. Debentures:			45,00,000	00
Less: Preliminary expenses written off		1,887	00		4. Investment in Central Government Securities (At Cost)			9,90,90,881	05
		18,45,053	23		(Face Value Rs. 10,01,21,800-00)				
Less: Transferred to Reserve Fund		1,000	00		(Market Value Rs. 9,88,23,734-90)				
Transferred to provision for dividend		18,44,053	23	Nil	5. Interest Accrued on Investments:			4,23,439	89
3. Special Deposit:					6. Other Assets:				
4. Payment by Central Government in Respect of Guaranteed Dividend:					(a) Furniture, Fixture and Fittings, etc. (At Cost)	32,876	79		
(Section 6 of the Act)			2,59,070	01	Less: Depreciation to date		7,232	90	
5. Bonds and Debentures:				Nil				25,643	89
6. Loans from the Central Government					(b) Deposits with Government Departments and other Institutions	7,303	55		
(a) Under Section 19 of the Act	5,00,00,000	00			(c) Sundry Advances	2,764	70		
(b) Other loans					(d) interest accrued on debentures	1,356	16		
			5,00,00,000	00	(e) Preliminary Expenses	18,866	71		
Carried forward Rs.			10,13,91,513	11	Less: Written off during the year		1,887	00	
								16,979	71
					(f) Dividend Deficit Account	5,40,016	78	5,94,064	79
					Carried forward Rs.			10,47,74,961	27

AGRICULTURAL REFINANCE CORPORATION

Balance Sheet as at 30th June 1965

Liabilities	Rs.	P.	Rs.	P.	Assets	Rs.	P.	Rs.	P.
Brought forward			10,13,91,513	11	Brought forward			10,47,74,961	27
7. Other Borrowings:									
(a) From the Reserve Bank of India									
(b) From Others:									
(i) In India									
(ii) Outside India									
8. Fixed Deposits:									
(a) From Central or State Governments									
(b) Others				Nil					
9. Provision for Dividends:									
Amount transferred from Profit and Loss Account	18,44,053	23							
Add: Payment to be made by Central Government in Pursuance of Section 6 read with Section 28 of the Act. (Vide Dividend Deficit Account as per contra)	2,80,946	77							
			21,25,000	00					
10. Provision for Taxation:			12,24,201	30					
11. Other Liabilities:			34,246	86					
Sunday creditor:									
Contingent Liabilities:									
(a) On account of guarantee given against deferred payments in connection with purchase of capital goods from outside India			Nil						
(b) Other Items			Nil						
TOTAL Rs.			10,47,74,961	27	TOTAL Rs.			10,47,74,961	27

Profit and Loss Account for the year ended 30th June, 1965

	Rs.	P.	Rs.	P.		Rs.	P.	Rs.	P.
1. Interest paid					1. Interest received:				
2. Salaries and Allowances			2,54,983	68	(a) On Loans and Debentures	1,356	16		
3. Contribution to Staff Provident, Pension and Other Funds			24,252	07	(b) On Investments (tax deducted at source Rs. 7,83,734-20)	39,97,076	73	39,98,482	89
4. Directors' and Committee Member's Fees			1,350	00	2. Discount, Commission etc.				
5. Travelling and Other Allowances, in connection with Directors' and Committee Member's meetings			8,370	50	3. Other items:				
6. Rent, Rates, Insurance, Lighting etc.			34,453	19	(a) Share transfer fees	10	00		
7. Travelling Expenses			24,262	36	(b) Miscellaneous receipts	13	00	23	00
8. Printing and Stationery			12,276	15					
9. Postage, Telegrams and Telephones			4,815	11					
10. Repairs to property			279	82					
11. Auditors' Fees			1,000	00					
12. Legal Charges			4,771	00					
13. Miscellaneous Expenses			12,279	87					
14. Depreciation			3,421	91					
15. Provision for Taxation			17,65,000	00					
16. Net Profit carried to Balance Sheet			18,46,940	23					
TOTAL Rs.			39,98,455	89	TOTAL Rs.			39,98,455	89

As per our report of even date attached
Bombay, 21st August, 1965
S.B. BILLIMORIA & CO.
Chartered Accountants.

Bombay, 18th,
August, 1965

M.R. BHIDE
V. SIVARAMAN
D.R. GADGIL
S. CHAKRAVARTI
B. SIVARAMAN.

Chairman
Managing Director
Directors

